



February 12, 2016

ENGROSSED HOUSE BILL No. 1032

DIGEST OF HB 1032 (Updated February 10, 2016 11:03 am - DI 102)

Citations Affected: IC 5-10; IC 5-10.2; IC 5-10.3; IC 5-10.4.

Synopsis: Various pension matters. Provides that the assets of the state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement plan may be commingled for investment purposes with the assets of other funds administered by the board of trustees (board) of the Indiana public retirement system. Provides that an employer who elects to purchase special death benefit coverage for an eligible emergency medical services provider must pay for the coverage annually as prescribed by the board. Eliminates the guaranteed fund investment option after December 31, 2016, for members of the public employees' retirement fund (PERF) and the teachers' retirement fund (TRF) and replaces the guaranteed fund with an unguaranteed stable value fund investment option. Provides that a miscellaneous participating entity that freezes its participation in PERF must begin payment of its additional contributions to fully fund the service of its PERF members not later than July 1, 2016, or a date determined by the board. Allows the board to charge interest on any
(Continued next page)

Effective: July 1, 2016.

Carbaugh, Niezgodski

(SENATE SPONSORS — BOOTS, BROWN L)

January 5, 2016, read first time and referred to Committee on Employment, Labor and Pensions.

January 12, 2016, amended, reported — Do Pass.

January 14, 2016, read second time, amended, ordered engrossed.

January 15, 2016, engrossed.

January 19, 2016, read third time, passed. Yeas 93, nays 0.

SENATE ACTION

February 3, 2016, read first time and referred to Committee on Pensions & Labor.

February 11, 2016, amended, reported favorably — Do Pass.

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amount that remains unpaid after the payment date determined by the board. Provides for the disbursement or investment of annuity savings account money if an unvested member or PERF or TRF is suspended, and discontinues the practice of moving that annuity savings account money to a reserve account. Provides that a retired or disabled member of PERF or TRF who has begun to receive benefits may change the member's designated beneficiary or the form of the member's benefit any number of times. Allows an individual who: (1) is an employee of the state on July 1, 2016; (2) became for the first time, after January 1, 2013, a full-time employee of the state in a position that is eligible for membership in PERF; and (3) is a member of PERF; to elect to become a member of the public employees' defined contribution plan (plan). Requires the individual to make the election not later than July 30, 2016. Provides that for an individual who makes the election: (1) the individual's service in PERF is considered participation in the plan for purposes of vesting in the employer contribution subaccount, and the individual waives service credit in PERF for the service; (2) the amount credited to the individual's annuity savings account in PERF is transferred to the individual's member contribution subaccount in the plan; and (3) the amounts paid to PERF by the state as employer normal cost contributions for the individual are transferred to the individual's employer contribution subaccount in the plan. Makes a technical correction. (The introduced version of this bill was prepared by the interim study committee on pension management oversight.)



February 12, 2016

Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1032

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10-5.5-2, AS AMENDED BY P.L.227-2007,
2 SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2016]: Sec. 2. **(a)** There is hereby created a state excise police,
4 gaming agent, gaming control officer, and conservation enforcement
5 officers' retirement plan to establish a means of providing special
6 retirement, disability and survivor benefits to employees of the
7 department, the Indiana gaming commission, and the commission who
8 are engaged exclusively in the performance of law enforcement duties.

9 **(b) The assets of the retirement plan created by this section may**
10 **be commingled for investment purposes with the assets of other**
11 **funds administered by the board.**

12 SECTION 2. IC 5-10-10-4.8, AS ADDED BY P.L.62-2015,
13 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14 JULY 1, 2016]: Sec. 4.8. (a) As used in this section, "eligible
15 emergency medical services provider" means an emergency medical
16 services provider who is employed by a person that has contracted with
17 a political subdivision to provide emergency medical services for the

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1 political subdivision.

2 (b) As used in this section, "emergency medical services" has the
3 meaning set forth in IC 16-49-1-5.

4 (c) As used in this section, "emergency medical services provider"
5 has the meaning set forth in IC 16-41-10-1.

6 (d) As used in this section, "political subdivision" has the meaning
7 set forth in IC 36-1-2-13.

8 (e) If an employer purchases coverage for an eligible emergency
9 medical services provider, the eligible emergency medical services
10 provider who dies as a direct result of personal injury or illness
11 resulting from the eligible emergency medical services provider's
12 performance of duties under a contract entered into by the emergency
13 medical services provider's employer to provide emergency medical
14 services for a political subdivision is eligible for a special death benefit
15 from the fund in the same manner as any other public safety officer is
16 eligible for a benefit from the fund. The cost of the coverage must be
17 one hundred dollars (\$100) annually for each eligible emergency
18 medical services provider paid by the emergency medical services
19 provider's employer. The cost of the coverage shall be paid to the board
20 for deposit into the fund.

21 (f) If an employer elects to provide coverage under this section, the
22 employer must purchase coverage for all eligible emergency medical
23 services providers of the employer. ~~The board shall allow an~~ An
24 employer ~~to who elects to purchase coverage under this section~~
25 **must purchase coverage by making quarterly annual payments on**
26 **dates as prescribed by the board.**

27 SECTION 3. IC 5-10.2-2-3, AS AMENDED BY P.L.35-2012,
28 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JULY 1, 2016]: Sec. 3. (a) The annuity savings account consists of:

- 30 (1) the members' contributions; and
31 (2) the interest credits on these contributions in the guaranteed
32 fund **(before January 1, 2017), the gain or loss in the balance**
33 **of the member's account in the stable value fund (after**
34 **December 31, 2016), or the gain or loss in market value on these**
35 **contributions in the alternative investment program, as specified**
36 **in section 4 of this chapter.**

37 Each member shall be credited individually with the amount of the
38 member's contributions and interest credits.

39 (b) The board shall maintain the ~~annuity savings account~~
40 **investment** program in effect on December 31, 1995, (referred to in
41 this chapter as the guaranteed program) **within the annuity savings**
42 **account until January 1, 2017.** In addition, the board shall establish



and maintain a guaranteed program within the 1996 account **until January 1, 2017. After December 31, 2016, the board shall establish an investment fund (referred to in this chapter as the stable value fund) that has preservation of capital as the primary investment objective.** The board may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other actions necessary to fulfill its duty as a fiduciary of the annuity savings account, subject to the limitations and restrictions set forth in IC 5-10.3-5-3, IC 5-10.4-3-10, and IC 5-10.5-5.

(c) The board shall establish alternative investment programs within the annuity savings account of the public employees' retirement fund, the pre-1996 account, and the 1996 account, based on the following requirements:

(1) The board shall maintain at least one (1) alternative investment program that is an indexed stock fund and one (1) alternative investment program that is a bond fund. The board may maintain one (1) or more alternative investment programs that:

(A) invest in one (1) or more commingled or pooled funds that consist in part or entirely of mortgages that qualify as five star mortgages under the program established by IC 24-5-23.6; or

(B) otherwise invest in mortgages that qualify as five star mortgages under the program established by IC 24-5-23.6.

(2) The programs should represent a variety of investment objectives under IC 5-10.3-5-3.

(3) No program may permit a member to withdraw money from the member's account except as provided in IC 5-10.2-3 and IC 5-10.2-4.

(4) All administrative costs of each alternative program shall be paid from the earnings on that program or as may be determined by the rules of the board.

(5) Except as provided in section 4(e) of this chapter, a valuation of each member's account must be completed as of:

(A) the last day of each quarter; or

(B) another time as the board may specify by rule.

(d) The board must prepare, at least annually, an analysis of the guaranteed program **(before January 1, 2017), the stable value fund (after December 31, 2016)**, and each alternative investment program. This analysis must:

(1) include a description of the procedure for selecting an alternative investment program;



(2) be understandable by the majority of members; and

(3) include a description of prior investment performance.

(e) A member may direct the allocation of the amount credited to the member among the guaranteed fund **(before January 1, 2017), the stable value fund (after December 31, 2016)**, and any available alternative investment funds, subject to the following conditions:

(1) A member may make a selection or change an existing selection under rules established by the board. The board shall allow a member to make a selection or change any existing selection at least once each quarter.

(2) The board shall implement the member's selection beginning on the first day of the next calendar quarter that begins at least thirty (30) days after the selection is received by the board or on an alternate date established by the rules of the board. This date is the effective date of the member's selection.

(3) A member may select any combination of the guaranteed fund **(before January 1, 2017), the stable value fund (after December 31, 2016)**, or any available alternative investment funds, in ten percent (10%) increments or smaller increments that may be established by the rules of the board.

(4) A member's selection remains in effect until a new selection is made.

(5) On the effective date of a member's selection, the board shall reallocate the member's existing balance or balances in accordance with the member's direction, based on:

(A) for an alternative investment program balance, the market value on the effective date; ~~and~~

(B) for any guaranteed program balance, the account balance on the effective date; ~~and~~

(C) for any stable value fund program balance, the balance of the member's account on the effective date.

All contributions to the member's account shall be allocated as of the last day of that quarter or at an alternate time established by the rules of the board in accordance with the member's most recent effective direction. The board shall not reallocate the member's account at any other time.

(6) The provisions concerning the transition from the guaranteed program to the stable value fund program are met, as set forth in section 24 of this chapter.

(f) When a member who participates in an alternative investment program transfers the amount credited to the member from one (1) alternative investment program to another alternative investment



1 program, ~~or~~ to the guaranteed program **(before January 1, 2017), or**
 2 **to the stable value fund program (after December 31, 2016)**, the
 3 amount credited to the member shall be valued at the market value of
 4 the member's investment, as of the day before the effective date of the
 5 member's selection or at an alternate time established by the rules of
 6 the board. When a member who participates in an alternative
 7 investment program retires, becomes disabled, dies, or suspends
 8 membership and withdraws from the fund, the amount credited to the
 9 member shall be the market value of the member's investment as of the
 10 last day of the quarter preceding the member's distribution or
 11 annuitization at retirement, disability, death, or suspension and
 12 withdrawal, plus contributions received after that date or at an alternate
 13 time established by the rules of the board.

14 **(g) This subsection applies before January 1, 2017.** When a
 15 member who participates in the guaranteed program transfers the
 16 amount credited to the member to an alternative investment program,
 17 the amount credited to the member in the guaranteed program is
 18 computed without regard to market value and is based on the balance
 19 of the member's account in the guaranteed program as of the last day
 20 of the quarter preceding the effective date of the transfer. However, the
 21 board may by rule provide for an alternate valuation date. When a
 22 member who participates in the guaranteed program retires, becomes
 23 disabled, dies, or suspends membership and withdraws from the fund,
 24 the amount credited to the member shall be computed without regard
 25 to market value and is based on the balance of the member's account in
 26 the guaranteed program as of the last day of the quarter preceding the
 27 member's distribution or annuitization at retirement, disability, death,
 28 or suspension and withdrawal, plus any contributions received since
 29 that date plus interest since that date. However, the board may by rule
 30 provide for an alternate valuation date.

31 **(h) This subsection applies after December 31, 2016.** When a
 32 member who participates in the stable value fund program
 33 transfers the amount credited to the member from the stable value
 34 fund program to an alternative investment program, the amount
 35 credited to the member shall be the balance of the member's
 36 account, as of the day before the effective date of the member's
 37 selection or at an alternate time established by the rules of the
 38 board. When a member who participates in the stable value fund
 39 program retires, becomes disabled, dies, or suspends membership
 40 and withdraws from the fund, the amount credited to the member
 41 shall be the balance of the member's account as of the last day of
 42 the quarter preceding the member's distribution or annuitization



1 **at retirement, disability, death, or suspension and withdrawal, plus**
 2 **contributions received after that date or at an alternate time**
 3 **established by the rules of the board.**

4 SECTION 4. IC 5-10.2-2-3.3, AS ADDED BY P.L.220-2011,
 5 SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2016]: Sec. 3.3. Interest credited prior to July 1, 2005, in the
 7 annuity savings account of the public employees' retirement fund to
 8 suspended members participating in the guaranteed fund **(before its**
 9 **elimination on January 1, 2017)** under section 3 of this chapter shall
 10 be treated as properly credited.

11 SECTION 5. IC 5-10.2-2-4, AS AMENDED BY P.L.35-2012,
 12 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JULY 1, 2016]: Sec. 4. (a) Except as provided in subsection (e),
 14 interest shall be credited and compounded at least annually on all
 15 amounts credited to the member in the guaranteed program. For the
 16 guaranteed program, the board shall annually establish an interest
 17 credit rate equal to or less than the investment income earned.

18 (b) Except as provided in subsection (e), the market value of each
 19 alternative investment program shall be allocated at least annually to
 20 the members participating in that program.

21 (c) Contributions to the guaranteed program and the alternative
 22 investment programs shall be invested as of the last day of the quarter
 23 in which the contributions are received or at an alternate time
 24 established by the rules of the board. Contributions to the guaranteed
 25 program shall begin to accumulate interest at the beginning of the
 26 quarter after the quarter in which the contributions are received or at an
 27 alternate time established by the rules of the board.

28 (d) When a member retires or withdraws with a balance in the
 29 guaranteed program, a proportional interest credit determined by the
 30 board shall be granted for the period elapsed since the last interest date
 31 on that balance.

32 (e) This subsection applies whenever the board is required to
 33 establish an interest or earnings rate in order to credit interest or
 34 earnings to an omitted contribution to a member's annuity savings
 35 account. As used in this subsection, "omitted contribution" means a
 36 contribution contributed by or on behalf of a member under
 37 IC 5-10.3-7-9 or IC 5-10.4-4-11 that is received by the board after the
 38 time required by IC 5-10.3-7-12.5 or IC 5-10.4-7-6(b)(1).
 39 Notwithstanding any law to the contrary, the board may by rule specify:

40 (1) a single composite interest rate and the period to which the
 41 rate applies for the purpose of computing the interest credits on
 42 a member's contributions (including omitted contributions) in the



1 guaranteed fund; and

2 (2) a single composite earnings rate for the gain or loss in market
3 value for each alternative investment program and the period to
4 which the rate applies for the purpose of computing the gain or
5 loss in market value on a member's contributions (including
6 omitted contributions) in the alternate investment program.

7 **(f) This section expires January 1, 2017.**

8 SECTION 6. IC 5-10.2-2-4.1 IS ADDED TO THE INDIANA
9 CODE AS A NEW SECTION TO READ AS FOLLOWS
10 [EFFECTIVE JULY 1, 2016]: **Sec. 4.1. (a) This section applies only**
11 **after December 31, 2016.**

12 **(b) Except as provided in subsection (e), the market value of the**
13 **stable value fund program shall be allocated at least annually to**
14 **the members participating in that program.**

15 **(c) Except as provided in subsection (e), the market value of**
16 **each alternative investment program shall be allocated at least**
17 **annually to the members participating in that program.**

18 **(d) Contributions to the stable value fund program and the**
19 **alternative investment programs shall be invested as of the last day**
20 **of the quarter in which the contributions are received or at an**
21 **alternate time established by the rules of the board.**

22 **(e) This subsection applies whenever the board is required to**
23 **establish an earnings rate in order to credit earnings to an omitted**
24 **contribution to a member's annuity savings account. As used in**
25 **this subsection, "omitted contribution" means a contribution**
26 **contributed by or on behalf of a member under IC 5-10.3-7-9 or**
27 **IC 5-10.4-4-11 that is received by the board after the time required**
28 **by IC 5-10.3-7-12.5 or IC 5-10.4-7-6(b)(1). Notwithstanding any**
29 **law to the contrary, the board may by rule specify:**

30 **(1) a single composite earnings rate for the gain or loss in**
31 **market value for the stable value fund program for the**
32 **purpose of computing the gain or loss in market value on a**
33 **member's contributions (including omitted contributions) in**
34 **the stable value fund program; and**

35 **(2) a single composite earnings rate for the gain or loss in**
36 **market value for each alternative investment program and**
37 **the period to which the rate applies for the purpose of**
38 **computing the gain or loss in market value on a member's**
39 **contributions (including omitted contributions) in the**
40 **alternate investment program.**

41 SECTION 7. IC 5-10.2-2-21, AS ADDED BY P.L.241-2015,
42 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



JULY 1, 2016]: Sec. 21. (a) This section applies to a miscellaneous participating entity that takes any of the following actions on or after December 31, 2010:

- (1) The miscellaneous participating entity determines a date:
 - (A) before which newly hired employees of a departmental, occupational, or other definable classification of employees are required or allowed to participate in the fund; and
 - (B) on or after which newly hired employees of the departmental, occupational, or other definable classification of employees are not allowed to participate in the fund.

- (2) The miscellaneous participating entity determines a date:
 - (A) before which newly hired employees of a departmental, occupational, or other definable classification of employees are required to participate in the fund; and
 - (B) on or after which newly hired employees of the departmental, occupational, or other definable classification of employees are allowed to choose to participate in a retirement plan other than the fund.

- (3) The miscellaneous participating entity modifies its employee classification scheme as of a specified date in such a way that there is at least one (1) position that:

- (A) is covered by the fund before the specified date; and
- (B) is not covered by the fund after the specified date.

- (b) The following definitions apply throughout this section:

- (1) "Freeze" or "freeze participation in the fund" means to take an action described in subsection (a).
- (2) "Freezing participating entity" means a miscellaneous participating entity that freezes its participation in the fund.
- (3) "Fund" means the public employees' retirement fund.

(c) A miscellaneous participating entity that freezes its participation in the fund after December 31, 2010, shall do the following:

- (1) Provide written notice of the following to the board:
 - (A) The action that was taken under subsection (a) by the freezing participating entity.
 - (B) The effective date of the action taken under subsection (a).
 - (C) The employee classifications that:
 - (i) are covered by the fund before the effective date of the freeze; and
 - (ii) will not be covered by the fund on or after the effective date of the freeze.
 - (D) The names of the freezing participating entity's current employees and former employees as of the date on which the



1 notice is provided.

2 (2) Comply with subsections (d) through (f).

3 (d) With respect to retired members who have creditable service
4 with the freezing participating entity, the freezing participating entity
5 shall contribute to the fund any additional amounts that the board
6 determines are necessary to provide for reserves with sufficient assets
7 to pay all future benefits from the fund to those retired members
8 attributable to service with the freezing participating entity. The board
9 shall collaborate with the freezing participating entity by sharing the
10 actuarial method and report used in determining the amounts under this
11 subsection and under subsections (e) and (f). The contribution by the
12 freezing participating entity must be made in a lump sum or in a series
13 of payments over a term that does not exceed thirty (30) years, as
14 determined by the freezing participating entity.

15 (e) With respect to members of the fund who have creditable service
16 with the freezing participating entity and who are not employees as of
17 the effective date on which the miscellaneous participating entity
18 freezes its participation in the fund, the freezing participating entity
19 shall contribute the amount that the board determines is necessary to
20 fund fully the service for those members that is attributable to service
21 with the freezing participating entity. The board shall collaborate with
22 the freezing participating entity by sharing the actuarial method and
23 report. The contribution by the freezing participating entity must be
24 made in a lump sum or in a series of payments over a term that does not
25 exceed thirty (30) years, as determined by the freezing participating
26 entity.

27 (f) With respect to members of the fund who are employees of the
28 freezing participating entity on the date of the notice under subsection
29 (c), the freezing participating entity shall continue to contribute the
30 amounts required under section 11 of this chapter for those employees
31 for the duration of their employment with the freezing participating
32 entity. In addition, the freezing participating entity shall contribute to
33 the fund the amount the board determines is necessary to fund fully the
34 benefits attributable to service with the freezing participating entity that
35 are vested or will become vested and are not expected to be fully
36 funded through the continuing contributions under section 11 of this
37 chapter during the duration of the members' employment with the
38 freezing participating entity. The board shall collaborate with the
39 freezing participating entity by sharing the actuarial method and report.
40 The contribution by the freezing participating entity must be made in
41 a lump sum or in a series of payments over a term that does not exceed
42 thirty (30) years, as determined by the freezing participating entity.



(g) The Indiana public retirement system may do any of the following to determine a miscellaneous participating entity's compliance with this section:

(1) Require reports from the miscellaneous participating entity.

(2) Audit the miscellaneous participating entity.

(h) A miscellaneous participating entity must begin payments required under this section not later than July 1, 2016, or a date determined by the board. The board may charge interest on any amount that remains unpaid after the payment date determined by the board.

SECTION 8. IC 5-10.2-2-24 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 24. (a) After December 31, 2016, a member may not make contributions to the guaranteed program.**

(b) For those members who as of December 31, 2016, have designated the guaranteed program as the investment program to receive all or part of the contributions to the member's annuity savings account, the board shall designate as a substitute one (1) or more alternative investment programs that are to receive those contributions after December 31, 2016. The designation by the board of an alternative investment program to receive a member's contributions under this subsection remains in effect until the member makes another allowable designation.

(c) After December 31, 2016, if a member has allocated all or part of the amount credited to the member to the guaranteed program, the board shall exchange the amount allocated to the guaranteed program by the member for an equivalent market value allocation to the stable value fund.

(d) The board shall eliminate the guaranteed program on January 1, 2017.

(e) After December 31, 2016, a member may allocate contributions and money invested in the alternative investment program to the stable value fund.

SECTION 9. IC 5-10.2-3-5, AS AMENDED BY P.L.165-2009, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 5. (a) A member who is not eligible for retirement or disability retirement may suspend the member's membership if the member terminates employment.**

(b) After five (5) continuous years in which the member performs no service, the member's membership shall be automatically suspended by the board unless the member has vested status.

(c) The board may suspend a member's membership in the fund if:



- (1) the member has not performed any service in a covered position during the past two (2) years;
- (2) the member has not attained vested status in the fund; and
- (3) the value of the member's annuity savings account is not more than one thousand dollars (\$1,000).

(d) (c) On resuming service the member may claim as creditable service the period of employment before the suspension of membership, but only to the extent that the same period of employment is not being used by another governmental plan for purposes of the member's benefit in the other governmental plan.

SECTION 10. IC 5-10.2-3-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 6. (a) After a member suspends his membership, **he is suspended under section 5 of this chapter, the member** is entitled to withdraw in a lump sum the amount of ~~his the member's~~ contributions plus interest credited to ~~him~~. **the member.**

(b) Except as provided in subsection (c), if the member does not claim his moneys within five (5) years after the suspension, the moneys shall be credited to the retirement fund. Any reasonable costs of locating the member or the member's beneficiary may be charged against the member's or the beneficiary's money. The fund shall retain (d), the **suspended member's moneys until the member claims them**, with no further interest credits to the member after the moneys are credited to the fund. **money is to remain in the stable value fund or the alternative investment program as the money was allocated on the day the member was suspended until:**

- (1) the suspended member changes the allocation of the money among the stable value fund and the alternative investment program;
- (2) the suspended member withdraws the money from the fund; or
- (3) the fund is otherwise required to distribute the money.

Any earnings or losses on the money shall be credited to the member in the same manner as if the member's membership was not suspended.

(c) If a member suspends membership in the fund because the member is no longer in a covered position but does not separate from employment with the member's employer, money shall be credited to the retirement fund only if the member does not claim the member's money within forty-five (45) years after the suspension. **The board may charge a reasonable annual administrative fee against the money held in the annuity savings account of a suspended member.**



(d) If:

- (1) a member is suspended under section ~~(5)(e)~~ 5 of this chapter;
- (2) the member has not attained vested status in the fund; and**
- (3) the value of the member's annuity savings account is not more than one thousand dollars (\$1,000);**

the board shall pay the member's annuity savings account in a lump sum.

SECTION 11. IC 5-10.2-3-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 10. (a) To the extent permitted by the Internal Revenue Code and the applicable regulations, the fund may accept, on behalf of any active member, a rollover distribution from any of the following:

- (1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.
- (2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.
- (3) An eligible plan maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.
- (4) An individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code.

(b) Any amounts rolled over under subsection (a) must be accounted for in a "rollover account" that is separate from the member's annuity savings account.

(c) A member may direct the investment of the member's rollover account into **the stable value fund or** any alternative investment option that the board may make available to the member's rollover account under IC 5-10.2-2-3. ~~However, the member may not invest the member's rollover account in the guaranteed fund.~~

(d) A member may withdraw the member's rollover account from the fund in a lump sum at any time before retirement. At retirement, the member may withdraw the member's rollover account in accordance with the retirement options that are available for the member's annuity savings account, including the deferral of a withdrawal.

SECTION 12. IC 5-10.2-4-7.2, AS AMENDED BY P.L.241-2015, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 7.2. (a) This section applies to the following:

- (1) A member of the Indiana state teachers' retirement fund after June 30, 2007.
- (2) A member of the public employees' retirement fund after June 30, 2008.



1 (b) Subject to subsection (g), **Except as otherwise provided in this**
 2 **section**, if a member is receiving a benefit from the fund, and:

3 (1) the member's designated beneficiary dies;

4 (2) the member and the member's designated beneficiary have
 5 been parties in an action for dissolution of marriage in which a
 6 final order has been issued after the member's first benefit
 7 payment is made. It is immaterial whether the final order was

8 issued before, on, or after the date in subsection (a)(1) or (a)(2);
 9 (3) the member marries after the member's first benefit payment
 10 is made; and:

11 (A) the member's designated beneficiary is not the member's
 12 current spouse; or

13 (B) the member has not designated a beneficiary; or

14 (4) after June 30, 2016, the member and the member's designated
 15 beneficiary are no longer in a relationship that caused the member
 16 to make the original beneficiary designation;

17 the member may make the election described in subsection (c) **any**
 18 **number of times.**

19 (c) **Except as otherwise provided in this section**, a member
 20 ~~described in subsection (b)~~ may elect to:

21 (1) change the member's designated beneficiary or form of benefit
 22 under section 7(b) of this chapter; and

23 (2) receive an actuarially adjusted and recalculated benefit for the
 24 remainder of:

25 (A) the member's life; or

26 (B) the member's life and the life of the newly designated
 27 beneficiary.

28 (d) A member making the election under subsection (c) may not
 29 elect to change to a five (5) year guaranteed form of benefit under
 30 section 7(b) of this chapter.

31 (e) If a member elects a benefit under subsection (c)(2)(B), the
 32 member must indicate whether the newly designated beneficiary's
 33 benefit will equal:

34 (1) the member's full recalculated benefit;

35 (2) two-thirds (2/3) of the member's recalculated benefit; or

36 (3) one-half (1/2) of the member's recalculated benefit.

37 (f) The member bears the cost of recalculating a benefit under
 38 subsection (c)(2), and **the member shall pay** the cost ~~shall be included~~
 39 ~~in the actuarial adjustment.~~ **manner prescribed by the board by rule.**
 40 **However, the board shall waive the cost associated with the first**
 41 **time after June 30, 2016, the member changes the member's**
 42 **designated beneficiary or form of benefit under this section.**



1 (g) A member may not make the election under subsection (c) if a
 2 final order or property settlement in an action for dissolution of
 3 marriage:

- 4 (1) prohibits a change in the member's designated beneficiary; or
 5 (2) provides a right to a survivor benefit to a person who would be
 6 removed as the designated beneficiary.

7 (h) Benefits may be recalculated under this section only to the extent
 8 permitted by the Internal Revenue Code and applicable regulations.

9 (i) Before implementing this section, the board may obtain any
 10 approvals that the board considers necessary or appropriate from the
 11 Internal Revenue Service.

12 ~~(j) This subsection applies after June 30, 2016. A member who~~
 13 ~~qualifies under subsection (b)(4) to make an election under subsection~~
 14 ~~(c) shall provide documentation the board considers sufficient to~~
 15 ~~establish that the relationship between the member and the member's~~
 16 ~~designated beneficiary no longer exists.~~

17 **(j) Subject to subsection (g), if a member is receiving a benefit**
 18 **from the fund and the member's spouse is the member's designated**
 19 **beneficiary, the member may not change the member's designated**
 20 **beneficiary or elect to receive an actuarially adjusted and**
 21 **recalculated benefit under subsection (c) unless:**

- 22 **(1) the member's designated beneficiary dies;**
 23 **(2) the member and the member's designated beneficiary have**
 24 **been parties in an action for dissolution of marriage in which**
 25 **a final order has been issued after the member's first benefit**
 26 **payment is made; or**
 27 **(3) the member's designated beneficiary, or the guardian of**
 28 **the member's designated beneficiary, authorizes the change**
 29 **in writing in the manner prescribed by the board.**

30 **With respect to a final order for dissolution of marriage described**
 31 **in subdivision (2), it is immaterial whether the final order was**
 32 **issued before, on, or after the date in subsection (a)(1) or (a)(2).**

33 **SECTION 13. IC 5-10.3-2-3 IS AMENDED TO READ AS**
 34 **FOLLOWS [EFFECTIVE JULY 1, 2016]:** Sec. 3. The general
 35 assembly intends that, to the extent specified in this article, the
 36 payments to the fund by the state or the participating political
 37 subdivisions, the payment of all benefits, the payment of interest
 38 credits, and the payment of administration expenses are obligations of
 39 the state and the participating political subdivisions. However, this
 40 obligation is not a guarantee that the amount credited to a member in
 41 the annuity savings account will not vary in value as a result of the
 42 performance of the investment program selected by the member under



1 IC 5-10.2-2, unless the member selected the guaranteed program
 2 **(before its elimination on January 1, 2017)**, in which case the
 3 obligation is such a guarantee.

4 SECTION 14. IC 5-10.3-12-1, AS AMENDED BY P.L.241-2015,
 5 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2016]: Sec. 1. (a) Except as otherwise provided in this section,
 7 this chapter applies to the following:

8 (1) An individual who:

9 (A) on or after the effective date of the plan, becomes for the
 10 first time a full-time employee of the state:

11 (i) in a position that would otherwise be eligible for
 12 membership in the fund under IC 5-10.3-7; and

13 (ii) who is paid by the auditor of state by salary warrants;
 14 and

15 (B) makes the election described in section 20 of this chapter
 16 to become a member of the plan.

17 (2) An individual:

18 (A) who becomes a full-time employee of a participating
 19 political subdivision in a covered position after an ordinance
 20 or resolution described in clause (C) that is adopted by the
 21 political subdivision has been approved by the board;

22 (B) who would otherwise be eligible for membership in the
 23 fund under IC 5-10.3-7; and

24 (C) who is employed by a political subdivision that has elected
 25 in an ordinance or resolution adopted under IC 5-10.3-6-1 and
 26 approved by the board to require an employee in the covered
 27 position to become a member of the plan.

28 (3) An individual:

29 (A) who becomes a full-time employee of a political
 30 subdivision in a covered position after an ordinance or
 31 resolution described in clause (C) that is adopted by the
 32 political subdivision has been approved by the board;

33 (B) who would otherwise be eligible for membership in the
 34 fund under IC 5-10.3-7;

35 (C) who is employed by a political subdivision that has elected
 36 in an ordinance or resolution adopted under IC 5-10.3-6-1 and
 37 approved by the board:

38 (i) to allow an employee in the covered position to become
 39 a member of the fund or a member of the plan at the
 40 discretion of the employee; and

41 (ii) to require an employee in a covered position to make an
 42 election under section 20.5 of this chapter in order to



- 1 become a member of the plan; and
 2 (D) who makes an election under section 20.5 of this chapter
 3 to become a member of the plan.
 4 (4) An individual:
 5 (A) who becomes a full-time employee of a political
 6 subdivision in a covered position after an ordinance or
 7 resolution described in clause (C) that is adopted by the
 8 political subdivision has been approved by the board;
 9 (B) who would otherwise be eligible for membership in the
 10 fund under IC 5-10.3-7;
 11 (C) who is employed by a political subdivision that has elected
 12 in an ordinance or resolution adopted under IC 5-10.3-6-1 and
 13 approved by the board:
 14 (i) to allow an employee in the covered position to become
 15 a member of the fund or a member of the plan at the
 16 discretion of the employee; and
 17 (ii) to require an employee to make an election under
 18 IC 5-10.3-7-1.1 in order to become a member of the fund;
 19 and
 20 (D) who does not make an election under IC 5-10.3-7-1.1 to
 21 become a member of the fund.
 22 **(5) An individual who makes an election described in section**
 23 **20.3 of this chapter.**
 24 (b) Except as provided in subsection (c), this chapter does not apply
 25 to an individual who, on or after the effective date of the plan:
 26 (1) becomes for the first time a full-time employee of the state in
 27 a position that would otherwise be eligible for membership in the
 28 fund under IC 5-10.3-7; and
 29 (2) is employed by:
 30 (A) a body corporate and politic of the state created by state
 31 statute; or
 32 (B) a state educational institution (as defined in
 33 IC 21-7-13-32).
 34 (c) The chief executive officer of a body or institution described in
 35 subsection (b) may elect, by submitting a written notice of the election
 36 to the director, to have this chapter apply to individuals who, as
 37 employees of the body or institution, become for the first time full-time
 38 employees of the state in positions that would otherwise be eligible for
 39 membership in the fund under IC 5-10.3-7. An election under this
 40 subsection is effective on the later of:
 41 (1) the date the notice of the election is received by the director;
 42 or



- 1 (2) March 1, 2013.
- 2 (d) This chapter does not apply to the following:
- 3 (1) An individual who is or was a member (as defined in
- 4 IC 5-10.3-1-5) of the fund before otherwise becoming eligible to
- 5 become a member of the plan.
- 6 (2) An individual who:
- 7 (A) on or after the effective date of the plan, except as
- 8 provided in subsection (c), becomes for the first time a
- 9 full-time employee of the state:
- 10 (i) in a position that would otherwise be eligible for
- 11 membership in the fund under IC 5-10.3-7; and
- 12 (ii) who is not paid by the auditor of state by salary warrants;
- 13 or
- 14 (B) does not elect to participate in the plan.
- 15 (3) An individual who:
- 16 (A) is eligible to make the election under IC 5-10.3-7-1.1 to
- 17 become a member of the fund; and
- 18 (B) does make the election under IC 5-10.3-7-1.1 to become a
- 19 member of the fund.
- 20 (4) An individual who is required to become a member of the
- 21 fund.
- 22 SECTION 15. IC 5-10.3-12-20.3 IS ADDED TO THE INDIANA
- 23 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 24 [EFFECTIVE JULY 1, 2016]: **Sec. 20.3. (a) This section applies to an**
- 25 **individual who:**
- 26 (1) is an employee of the state on July 1, 2016;
- 27 (2) became for the first time, after January 1, 2013, a full-time
- 28 employee of the state in a position that is eligible for
- 29 membership in the fund under IC 5-10.3-7; and
- 30 (3) is a member (as defined in IC 5-10.3-1-5) of the fund.
- 31 (b) An individual to whom this section applies may elect to
- 32 become a member of the plan. An election under this section:
- 33 (1) must be made in writing;
- 34 (2) must be filed with the board, on a form prescribed by the
- 35 board, not later than July 30, 2016; and
- 36 (3) is irrevocable.
- 37 (c) If an individual makes the election described in subsection
- 38 (b), the following apply:
- 39 (1) The individual's service from the date, after January 1,
- 40 2013, that the individual first became a full-time employee of
- 41 the state until the date immediately preceding the date of the
- 42 individual's election under subsection (b) is considered



1 participation in the plan for purposes of vesting in the
 2 employer contribution subaccount under section 25 of this
 3 chapter, and the individual waives service credit in the fund
 4 for the service.

5 (2) The amount credited to the individual's annuity savings
 6 account in the fund on the date of the individual's election
 7 under subsection (b) is transferred to the individual's member
 8 contribution subaccount.

9 (3) The amounts paid to the fund by the state as employer
 10 normal cost contributions for the individual from the date,
 11 after January 1, 2013, that the individual first became a
 12 full-time employee of the state until the date immediately
 13 preceding the date of the individual's election under
 14 subsection (b) are transferred to the individual's employer
 15 contribution subaccount.

16 SECTION 16. IC 5-10.3-12-22, AS AMENDED BY P.L.6-2012,
 17 SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2016]: Sec. 22. (a) Subject to the board obtaining the approval
 19 of the Internal Revenue Service as described in section 18(b) of this
 20 chapter, the board shall establish:

21 (1) a stable value fund as the initial regular investment
 22 program for the plan; and

23 (2) the alternative investment programs (as described by
 24 IC 5-10.2-2-3 and IC 5-10.2-2-4) within the annuity savings
 25 account as the initial alternative investment programs for the plan.
 26 ~~except that the board shall maintain at least one (1) alternative~~
 27 ~~investment program that is a stable value fund.~~

28 If the board considers it necessary or appropriate, the board may
 29 establish different or additional alternative investment programs for the
 30 plan. ~~However, the guaranteed program (as defined in IC 5-10.2-2-3)~~
 31 ~~shall not be offered as an investment option under the plan.~~

32 (b) The requirements and rules that apply to the alternative
 33 investment programs within the annuity savings account are the initial
 34 requirements and rules that apply to the alternative investment
 35 programs within the plan, including the following:

36 (1) The board's investment guidelines and limits for the
 37 alternative investment programs.

38 (2) A member's selection of and changes to the member's
 39 investment options.

40 (3) The valuation of a member's account.

41 (4) The allocation and payment of administrative expenses for the
 42 alternative investment programs.



1 (c) If the board considers it necessary or appropriate, the board may
2 establish different or additional requirements and rules that apply to the
3 alternative investment programs within the plan.

4 (d) The board shall determine the appropriate administrative fees to
5 be charged to the member accounts.

6 SECTION 17. IC 5-10.4-2-6, AS AMENDED BY P.L.99-2010,
7 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2016]: Sec. 6. The board shall do the following:

9 (1) Credit interest to the members' annuity savings accounts in the
10 guaranteed fund **(before January 1, 2017), actual earnings to**
11 **the stable value fund (after December 31, 2016),** and actual
12 earnings to the alternative investment programs.

13 (2) After complying with subdivision (1), distribute any remaining
14 undistributed income reserve as of the end of each accounting
15 period as determined by the rules of the board.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Employment, Labor and Pensions, to which was referred House Bill 1032, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-10-5.5-2, AS AMENDED BY P.L.227-2007, SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 2. **(a)** There is hereby created a state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement plan to establish a means of providing special retirement, disability and survivor benefits to employees of the department, the Indiana gaming commission, and the commission who are engaged exclusively in the performance of law enforcement duties.

(b) The assets of the retirement plan created by this section may be commingled for investment purposes with the assets of other funds administered by the board."

Page 2, line 21, delete "market value".

Page 2, lines 22, delete "on these contributions" and insert **"the balance of the member's account"**.

Page 4, line 17, delete "market".

Page 4, line 18, delete "value" and insert **"balance of the member's account"**.

Page 4, line 30, delete "July 1, 2016)," and insert **"January 1, 2017),"**.

Page 5, line 22, delete "valued at the market value of the" and insert **"the balance of the"**.

Page 5, line 23, delete "investment," and insert **"account,"**.

Page 5, line 28, delete "market value of the member's investment" and insert **"balance of the member's account"**.

Page 7, line 30, delete "June 30," and insert **"December 31,"**.

Page 7, line 32, delete "June 30," and insert **"December 31,"**.

Page 7, line 37, delete "June 30," and insert **"December 31,"**.

Page 7, delete lines 41 through 42.

Page 8, delete lines 1 through 2.

Page 8, line 3, delete "(d)" and insert **"(c)"**.

Page 8, line 3, delete "November 30," and insert **"December 31,"**.

Page 8, line 3, delete "and before January 1, 2017,".

Page 8, line 8, delete "(e)" and insert **"(d)"**.

Page 8, line 10, delete "(f)" and insert **"(e)"**.



Page 10, between lines 14 and 15, begin a new paragraph and insert:
 "SECTION 11. IC 5-10.2-4-7.2, AS AMENDED BY P.L.241-2015,
 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 JULY 1, 2016]: Sec. 7.2. (a) This section applies to the following:

(1) A member of the Indiana state teachers' retirement fund after
 June 30, 2007.

(2) A member of the public employees' retirement fund after June
 30, 2008.

(b) ~~Subject to subsection (g);~~ **Except as otherwise provided in this
 section,** if a member is receiving a benefit from the fund, ~~and:~~

~~(1) the member's designated beneficiary dies;~~

~~(2) the member and the member's designated beneficiary have
 been parties in an action for dissolution of marriage in which a
 final order has been issued after the member's first benefit
 payment is made. It is immaterial whether the final order was
 issued before, on, or after the date in subsection (a)(1) or (a)(2);~~

~~(3) the member marries after the member's first benefit payment
 is made, and:~~

~~(A) the member's designated beneficiary is not the member's
 current spouse; or~~

~~(B) the member has not designated a beneficiary; or~~

~~(4) after June 30, 2016, the member and the member's designated
 beneficiary are no longer in a relationship that caused the member
 to make the original beneficiary designation;~~

the member may make the election described in subsection (c) **any
 number of times.**

(c) **Except as otherwise provided in this section,** a member
~~described in subsection (b)~~ may elect to:

(1) change the member's designated beneficiary or form of benefit
 under section 7(b) of this chapter; and

(2) receive an actuarially adjusted and recalculated benefit for the
 remainder of:

(A) the member's life; or

(B) the member's life and the life of the newly designated
 beneficiary.

(d) A member making the election under subsection (c) may not
 elect to change to a five (5) year guaranteed form of benefit under
 section 7(b) of this chapter.

(e) If a member elects a benefit under subsection (c)(2)(B), the
 member must indicate whether the newly designated beneficiary's
 benefit will equal:

(1) the member's full recalculated benefit;



(2) two-thirds ($2/3$) of the member's recalculated benefit; or

(3) one-half ($1/2$) of the member's recalculated benefit.

(f) The member bears the cost of recalculating a benefit under subsection (c)(2), and **the member shall pay the cost shall be included in the actuarial adjustment manner prescribed by the board by rule. However, the board shall waive the cost associated with the first time after June 30, 2016, the member changes the member's designated beneficiary or form of benefit under this section.**

(g) A member may not make the election under subsection (c) if a final order or property settlement in an action for dissolution of marriage:

(1) prohibits a change in the member's designated beneficiary; or

(2) provides a right to a survivor benefit to a person who would be removed as the designated beneficiary.

(h) Benefits may be recalculated under this section only to the extent permitted by the Internal Revenue Code and applicable regulations.

(i) Before implementing this section, the board may obtain any approvals that the board considers necessary or appropriate from the Internal Revenue Service.

~~(j) This subsection applies after June 30, 2016. A member who qualifies under subsection (b)(4) to make an election under subsection (c) shall provide documentation the board considers sufficient to establish that the relationship between the member and the member's designated beneficiary no longer exists.~~

(j) Subject to subsection (g), if a member is receiving a benefit from the fund and the member's spouse is the member's designated beneficiary, the member may not change the member's designated beneficiary or elect to receive an actuarially adjusted and recalculated benefit under subsection (c) unless:

(1) the member's designated beneficiary dies;

(2) the member and the member's designated beneficiary have been parties in an action for dissolution of marriage in which a final order has been issued after the member's first benefit payment is made; or

(3) the member's designated beneficiary, or the guardian of the member's designated beneficiary, authorizes the change in writing in the manner prescribed by the board.



With respect to a final order for dissolution of marriage described in subdivision (2), it is immaterial whether the final order was issued before, on, or after the date in subsection (a)(1) or (a)(2)."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1032 as introduced.)

GUTWEIN

Committee Vote: yeas 10, nays 0.

HOUSE MOTION

Mr. Speaker: I move that House Bill 1032 be amended to read as follows:

Page 2, line 39, strike "annuity savings account" and insert **"investment"**.

Page 2, line 41, after "program)" insert **"within the annuity savings account"**.

Page 3, line 1, delete "The" and insert **"After December 31, 2016, the"**.

(Reference is to HB 1032 as printed January 12, 2016.)

NIEZGODSKI

COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred House Bill No. 1032, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 40, after "1995" insert ",".

Page 7, between lines 40 and 41, begin a new paragraph and insert: **"SECTION 7. IC 5-10.2-2-21, AS ADDED BY P.L.241-2015, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 21. (a) This section applies to a miscellaneous participating entity that takes any of the following actions on or after December 31, 2010:**

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- (1) The miscellaneous participating entity determines a date:
 - (A) before which newly hired employees of a departmental, occupational, or other definable classification of employees are required or allowed to participate in the fund; and
 - (B) on or after which newly hired employees of the departmental, occupational, or other definable classification of employees are not allowed to participate in the fund.
- (2) The miscellaneous participating entity determines a date:
 - (A) before which newly hired employees of a departmental, occupational, or other definable classification of employees are required to participate in the fund; and
 - (B) on or after which newly hired employees of the departmental, occupational, or other definable classification of employees are allowed to choose to participate in a retirement plan other than the fund.
- (3) The miscellaneous participating entity modifies its employee classification scheme as of a specified date in such a way that there is at least one (1) position that:
 - (A) is covered by the fund before the specified date; and
 - (B) is not covered by the fund after the specified date.
- (b) The following definitions apply throughout this section:
 - (1) "Freeze" or "freeze participation in the fund" means to take an action described in subsection (a).
 - (2) "Freezing participating entity" means a miscellaneous participating entity that freezes its participation in the fund.
 - (3) "Fund" means the public employees' retirement fund.
- (c) A miscellaneous participating entity that freezes its participation in the fund after December 31, 2010, shall do the following:
 - (1) Provide written notice of the following to the board:
 - (A) The action that was taken under subsection (a) by the freezing participating entity.
 - (B) The effective date of the action taken under subsection (a).
 - (C) The employee classifications that:
 - (i) are covered by the fund before the effective date of the freeze; and
 - (ii) will not be covered by the fund on or after the effective date of the freeze.
 - (D) The names of the freezing participating entity's current employees and former employees as of the date on which the notice is provided.
 - (2) Comply with subsections (d) through (f).
- (d) With respect to retired members who have creditable service



with the freezing participating entity, the freezing participating entity shall contribute to the fund any additional amounts that the board determines are necessary to provide for reserves with sufficient assets to pay all future benefits from the fund to those retired members attributable to service with the freezing participating entity. The board shall collaborate with the freezing participating entity by sharing the actuarial method and report used in determining the amounts under this subsection and under subsections (e) and (f). The contribution by the freezing participating entity must be made in a lump sum or in a series of payments over a term that does not exceed thirty (30) years, as determined by the freezing participating entity.

(e) With respect to members of the fund who have creditable service with the freezing participating entity and who are not employees as of the effective date on which the miscellaneous participating entity freezes its participation in the fund, the freezing participating entity shall contribute the amount that the board determines is necessary to fund fully the service for those members that is attributable to service with the freezing participating entity. The board shall collaborate with the freezing participating entity by sharing the actuarial method and report. The contribution by the freezing participating entity must be made in a lump sum or in a series of payments over a term that does not exceed thirty (30) years, as determined by the freezing participating entity.

(f) With respect to members of the fund who are employees of the freezing participating entity on the date of the notice under subsection (c), the freezing participating entity shall continue to contribute the amounts required under section 11 of this chapter for those employees for the duration of their employment with the freezing participating entity. In addition, the freezing participating entity shall contribute to the fund the amount the board determines is necessary to fund fully the benefits attributable to service with the freezing participating entity that are vested or will become vested and are not expected to be fully funded through the continuing contributions under section 11 of this chapter during the duration of the members' employment with the freezing participating entity. The board shall collaborate with the freezing participating entity by sharing the actuarial method and report. The contribution by the freezing participating entity must be made in a lump sum or in a series of payments over a term that does not exceed thirty (30) years, as determined by the freezing participating entity.

(g) The Indiana public retirement system may do any of the following to determine a miscellaneous participating entity's compliance with this section:

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- (1) Require reports from the miscellaneous participating entity.
- (2) Audit the miscellaneous participating entity.

(h) A miscellaneous participating entity must begin payments required under this section not later than July 1, 2016, or a date determined by the board. The board may charge interest on any amount that remains unpaid after the payment date determined by the board."

Page 12, between lines 33 and 34, begin a new paragraph and insert:
 "SECTION 14. IC 5-10.3-12-1, AS AMENDED BY P.L.241-2015, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 1. (a) Except as otherwise provided in this section, this chapter applies to the following:

- (1) An individual who:
 - (A) on or after the effective date of the plan, becomes for the first time a full-time employee of the state:
 - (i) in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and
 - (ii) who is paid by the auditor of state by salary warrants; and
 - (B) makes the election described in section 20 of this chapter to become a member of the plan.
- (2) An individual:
 - (A) who becomes a full-time employee of a participating political subdivision in a covered position after an ordinance or resolution described in clause (C) that is adopted by the political subdivision has been approved by the board;
 - (B) who would otherwise be eligible for membership in the fund under IC 5-10.3-7; and
 - (C) who is employed by a political subdivision that has elected in an ordinance or resolution adopted under IC 5-10.3-6-1 and approved by the board to require an employee in the covered position to become a member of the plan.
- (3) An individual:
 - (A) who becomes a full-time employee of a political subdivision in a covered position after an ordinance or resolution described in clause (C) that is adopted by the political subdivision has been approved by the board;
 - (B) who would otherwise be eligible for membership in the fund under IC 5-10.3-7;
 - (C) who is employed by a political subdivision that has elected in an ordinance or resolution adopted under IC 5-10.3-6-1 and approved by the board:



- (i) to allow an employee in the covered position to become a member of the fund or a member of the plan at the discretion of the employee; and
- (ii) to require an employee in a covered position to make an election under section 20.5 of this chapter in order to become a member of the plan; and
- (D) who makes an election under section 20.5 of this chapter to become a member of the plan.
- (4) An individual:
 - (A) who becomes a full-time employee of a political subdivision in a covered position after an ordinance or resolution described in clause (C) that is adopted by the political subdivision has been approved by the board;
 - (B) who would otherwise be eligible for membership in the fund under IC 5-10.3-7;
 - (C) who is employed by a political subdivision that has elected in an ordinance or resolution adopted under IC 5-10.3-6-1 and approved by the board:
 - (i) to allow an employee in the covered position to become a member of the fund or a member of the plan at the discretion of the employee; and
 - (ii) to require an employee to make an election under IC 5-10.3-7-1.1 in order to become a member of the fund; and
 - (D) who does not make an election under IC 5-10.3-7-1.1 to become a member of the fund.

(5) An individual who makes an election described in section 20.3 of this chapter.

- (b) Except as provided in subsection (c), this chapter does not apply to an individual who, on or after the effective date of the plan:
 - (1) becomes for the first time a full-time employee of the state in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and
 - (2) is employed by:
 - (A) a body corporate and politic of the state created by state statute; or
 - (B) a state educational institution (as defined in IC 21-7-13-32).
- (c) The chief executive officer of a body or institution described in subsection (b) may elect, by submitting a written notice of the election to the director, to have this chapter apply to individuals who, as employees of the body or institution, become for the first time full-time



employees of the state in positions that would otherwise be eligible for membership in the fund under IC 5-10.3-7. An election under this subsection is effective on the later of:

- (1) the date the notice of the election is received by the director;
or
- (2) March 1, 2013.

(d) This chapter does not apply to the following:

(1) An individual who is or was a member (as defined in IC 5-10.3-1-5) of the fund before otherwise becoming eligible to become a member of the plan.

(2) An individual who:

(A) on or after the effective date of the plan, except as provided in subsection (c), becomes for the first time a full-time employee of the state:

- (i) in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and
- (ii) who is not paid by the auditor of state by salary warrants;
or

(B) does not elect to participate in the plan.

(3) An individual who:

(A) is eligible to make the election under IC 5-10.3-7-1.1 to become a member of the fund; and

(B) does make the election under IC 5-10.3-7-1.1 to become a member of the fund.

(4) An individual who is required to become a member of the fund.

SECTION 15. IC 5-10.3-12-20.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 20.3. (a) This section applies to an individual who:**

- (1) is an employee of the state on July 1, 2016;**
- (2) became for the first time, after January 1, 2013, a full-time employee of the state in a position that is eligible for membership in the fund under IC 5-10.3-7; and**
- (3) is a member (as defined in IC 5-10.3-1-5) of the fund.**

(b) An individual to whom this section applies may elect to become a member of the plan. An election under this section:

- (1) must be made in writing;**
- (2) must be filed with the board, on a form prescribed by the board, not later than July 30, 2016; and**
- (3) is irrevocable.**

(c) If an individual makes the election described in subsection



(b), the following apply:

- (1) The individual's service from the date, after January 1, 2013, that the individual first became a full-time employee of the state until the date immediately preceding the date of the individual's election under subsection (b) is considered participation in the plan for purposes of vesting in the employer contribution subaccount under section 25 of this chapter, and the individual waives service credit in the fund for the service.
- (2) The amount credited to the individual's annuity savings account in the fund on the date of the individual's election under subsection (b) is transferred to the individual's member contribution subaccount.
- (3) The amounts paid to the fund by the state as employer normal cost contributions for the individual from the date, after January 1, 2013, that the individual first became a full-time employee of the state until the date immediately preceding the date of the individual's election under subsection (b) are transferred to the individual's employer contribution subaccount."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1032 as reprinted January 15, 2016.)

BOOTS, Chairperson

Committee Vote: Yeas 9, Nays 0.

